



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 3, 2002

### **H.R. 3258** **Reasonable Right-of-Way Fees Act of 2002**

*As ordered reported by the House Committee on Resources on June 26, 2002*

#### **SUMMARY**

The Federal Land Policy and Management Act (FLPMA) and the Mineral Leasing Act (MLA) direct the Secretary of the Interior and the Secretary of Agriculture to charge fees for linear rights-of-way across federal lands. H.R. 3258 would amend current law to require the two agencies to revise the rates used to establish those fees.

CBO expects that enacting H.R. 3258 would increase offsetting receipts (a credit against direct spending) from fees for rights-of-way. We also expect that the bill would increase direct spending for payments to share a portion of those increased receipts with the counties in which the fees are collected. On balance, CBO estimates that the bill would reduce direct spending by \$14 million in 2005. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

H.R. 3258 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no significant costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3258 is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
<b>CHANGES IN DIRECT SPENDING</b>					
Estimated Budget Authority	0	0	-14	0	0
Estimated Outlays	0	0	-14	0	0

## **BASIS OF ESTIMATE**

The Forest Service (within the Department of Agriculture) and the Bureau of Land Management (BLM, within the Department of the Interior) issue linear rights-of-way across federal lands for infrastructure such as pipelines, electric and telephone lines, and other uses. FLPMA and the MLA authorize the agencies to charge fair market value for such rights-of-way. The fees that the agencies charge are based in part on estimates of the value of the federal lands where the rights-of-way are located. Those land values are based on an assessment that was completed in 1986 and has not since been updated except to account for inflation. H.R. 3258 would require the agencies to update those estimates of land values and establish a revised fee schedule for linear rights-of-way within one year of enactment.

In recent years, the Forest Service and BLM began to pursue a revised fee schedule for linear rights-of-way. Based on information from the agencies, CBO expects that, under current law, they would complete the revisions and impose new fees in 2006. According to the Forest Service and BLM, the revisions to fees that they would make under H.R. 3258 would be similar to those that the agencies are pursuing administratively under current law. The bill would require the agencies to revise the fees within one year of enactment, but based on information from the agencies about the length of time typically required to complete such a revision, CBO expects that the agencies would not impose the revised fees until 2005, one year sooner than under current law.

According to the Forest Service and BLM, the agencies currently collect about \$20 million a year in fees for linear rights-of-way. Although the agencies are uncertain about how much land values have changed, preliminary information suggests that collections under the revised schedule may increase by between 50 percent and 100 percent. Based on information from the agencies, we estimate that H.R. 3258 would increase offsetting receipts by at least \$15 million in 2005. Of that amount, about \$1 million would be required to be paid to the counties where the fees are generated; hence, the net increase in offsetting receipts would be \$14 million.

## PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table.

	By Fiscal Year, in Millions of Dollars										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Changes in outlays	0	0	0	-14	0	0	0	0	0	0	0
Changes in receipts	Not applicable										

## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3258 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no significant costs on state, local, or tribal governments. Enacting this legislation would benefit some county governments because they currently receive a portion of these fees and would share in the increase brought about by this bill. CBO estimates that the counties where fees are generated would receive additional payments totaling about \$1 million in 2005.

### ESTIMATE PREPARED BY:

Federal Costs: Megan Carroll

Impact on State, Local, and Tribal Governments: Marjorie Miller

Impact on the Private Sector: Lauren Marks

### ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis